GOVERNMENT OF ANDHRA PRADESH
ABSTRACT

ENERGY, INFRASTRUCTURE & INVESTMENT DEPARTMENT - Development of Solar Power in Andhra Pradesh – Andhra Pradesh Solar Power Policy-2018 – Orders – Issued.

ENERGY, INFRASTRUCTURE & INVESTMENT (PR.II) DEPARTMENT

G.O.MS.No. 1 Dated: 03-01-2019

Read the following:

1. G.O.Ms.No.39, Energy (Res) Deptt., dated 26.09.2012.
2. G.O.Ms.No.44, Energy (Res) Deptt., dated 16.11.2012.
3. G.O.Ms.No.8, Energy,I&I(Pr.II) Deptt., dated.12.02.2015.
4. The VC&MD, NREDCAP, File No.NREDAP-14023/1/2018.
5. The GA(Cabinet) Dept., U.O.Note.No.538/2018, dated:27.12.2018.

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ORDER:

The Government of Andhra Pradesh had earlier issued the "Andhra Pradesh Solar Power Policy, 2015" vide G.O.Ms.No.8 dated 12.02.2015 to promote solar power generation in the State. Considering the good Solar Power potential existing in the State, the capacity addition achieved so far, the falling in solar tariffs in the recent times, etc., there is need to bring out New Solar Power Policy duly taking into consideration the recent developments in the Solar power sector.

2. Government, after detailed discussions on the proposal received in the reference 4th read above, with various stake holders viz., APTRANSCO, APDISCOMS, NREDCAP, Solar Power Developers and Solar Manufacturers Associations, hereby issue the Andhra Pradesh Solar Power Policy-2018 superseding the earlier Policy issued in G.O 3rd read above, as mentioned below:

ANDHRA PRADESH SOLAR POWER POLICY – 2018

PREAMBLE

India is blessed with abundant sunshine and solar power is expected to play a critical role in meeting the energy needs of the country in the long run. Solar power projects can be setup in a much shorter timeframe when compared to conventional power projects and the cost of solar power has become more economical today. Solar power can also help meet energy requirements for both grid connected as well as off-grid applications such as solar powered agricultural pumpsets.

Andhra Pradesh is poised for rapid industrial growth driven by infrastructure investments and has also been selected by Ministry of Power as one of the pilot states for implementation of the 24X7 – Power for All (PFA) scheme. Solar energy can become an important source in meeting the growing power requirements of the State.

AP has large agriculture consumption constituting around 24% of the total energy consumption of the State. Solar power can also help shift the agriculture load and meet the power demand during the day time.

The State government is keen to tap the immense solar potential and promote this clean source of energy to meet the rising energy requirements of the State. The following factors make Andhra Pradesh an ideal location for setting up Solar Power Projects:

- Availability of about 300 sunny days in a year with solar insolation of more than 5 kWh/m²/day.
- Amongst the best performing power distributing companies in India (APEPDCL and APSPDCL).
- An efficient and strong evacuation infrastructure that can facilitate distributed generation.

(P.T.O.)

The Government of Andhra Pradesh had earlier issued the "Andhra Pradesh Solar Power Policy – 2012" vide G.O.Ms.No.39 dated 26.09.2012 and G.O.Ms No.44 dated 16.11.2012 and again issued "Andhra Pradesh Solar Power Policy, 2015" vide G.O.Ms.No.8 dated 12.02.2015 to promote solar power generation in the State. The Andhra Pradesh Solar Power Policy, 2015 which provided many fiscal incentives for large scale promotion of projects helped in aggressive capacity additions and thereby driving the cumulative installed capacity of solar power in the state to 2515.78 MW. This policy was particularly supported with fiscal incentives because the cost of power from solar was way higher than the average power purchase cost of the state during 2014-15. But seeing the current trend of falling solar prices which is way less than Rs.3 per unit at present, it is felt necessary to revisit the clauses and come out with a new comprehensive policy for the promotion of solar power to meet the demand for power in an environmentally sustainable manner.

To meet the twin objectives of energy security and clean energy considerations, this policy aims to promote widespread usage of solar power and to meet the following objectives.

OBJECTIVES:

1. To target a minimum total solar power capacity addition of 5,000 MW in the next five years in the State with a view to meet the growing demand for power in an environmentally sustainable manner.

2 To develop solar park(s) with the necessary utility infrastructure facilities to encourage developers to set up solar power projects in the State.

3 To promote distributed generation that can help in avoiding upstream network cost and contribute towards loss reduction.

4 To deploy solar powered agricultural pumpsets and meet power requirements of farmers during day time.

5 To promote local manufacturing facilities which will generate employment in the State.

1. Operative Period

This policy shall come into operation with effect from the date of issuance and shall remain applicable for a period of five (5) years and/ or shall remain in force till such time a new policy is issued.

Solar Power Projects (SPP) that are commissioned during the operative period shall be eligible for the incentives declared under this policy, for a period of ten (10) years from the date of commissioning - unless otherwise the period is specifically mentioned for any incentive.

2. Eligible Developers

All registered companies, Government entities, partnership companies/firms, individuals and all consumers of APDISCOM(s) will be eligible for setting up of Solar Power Projects within the State for sale of electricity/captive use, in accordance with the Electricity Act – 2003, as amended from time to time. The entity desiring to set up Solar Power Project shall intimate the Nodal Agency as per the para (5) of this policy and also submit the DPR of the project with the details of technical and financial capabilities of the developer, based on which the Nodal Agency will allocate the capacity for development.

Before allocating the capacity for development, the Nodal agency shall apprise whether the proposal is technically, financialy and commercially feasible. Nodal agency shall also apprise whether proposer has the required technical, commercial, managerial and financial capability to execute the project. Nodal agency shall apprise the existing installed capacity, existing generating capacity, required installed capacity and generating capacity.

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3. Solar Power Projects

A. Sale of power to AP Discom(s)

The Government will promote setting up of Solar Power Projects for sale of power to APDiscoms. It is envisaged that the Discoms would procure around 2,000 MW of solar power capacity in a phased manner within the next five (5) years depending on the requirement in the State. The Discoms would enter into long term PPA of 25 years with developers who are selected based on a competitive procurement process as per the tariff based competitive bidding guidelines notified by the Ministry of Power. As per the communication vide DO Lr No. 8/7/2017-EFM, dt 12.01.2018, the MNRE has informed that the competitive bidding guidelines for solar power does not cover projects below 5 MW capacity for intra-state and accordingly the procurement of power from solar power projects having capacity less than 5 MW shall be at Feed in Tariff (FiT) determined by AP Electricity Regulatory Commission to the extent power required within the State.

B. Third party sale / Captive use

The government will encourage solar power producers to set up Solar Power Projects for captive use within the State or third party sale within and outside the State of Andhra Pradesh. These projects will also qualify for Renewable Energy Certificates (RECs) subject to applicable regulations/ guidelines issued by the appropriate commission.

C. Solar Parks

The Government of A.P will develop initially 4000 MW capacity Solar Parks.The State Government, under this policy, will help facilitate in building up the necessary infrastructure like power evacuation, water requirements and internal roads.

Solar Park shall consist of various zones viz. Solar Power Projects, Manufacturing Zones, R & D and Training Centres. The State will extend all facilities and fiscal incentives provided by Central Government/ National Solar Mission to the manufacturers in Solar Parks.

Special Purpose Vehicle(s) (SPV's) will be established for development of infrastructure and management of Solar Park. The SPV will formulate Policy and Rules in respect of land allotment, sharing of development cost by the solar power producers and manufacturers. The SPV will develop the initial infrastructure from the funds allocated by GoI and GoAP, which will be subsequently recovered from the solar power producers whose projects are located in Solar Parks by levying development charges.

D. Solar Rooftop Projects – Gross/Net Metering

The Government will promote solar rooftop systems on public buildings, domestic, commercial and industrial establishments on gross and or net meter basis. The consumer(s) are free to choose either net or gross meter option for sale of power to Discom under this policy. The applicable tariff for either of the cases shall be equal to the average pooled power purchase cost which will be determined by APERC for the year during which the project is synchronized with the grid and the applicable tariff at the time of CoD will be paid for 25 years, in case of projects executed under both net metering and gross metering basis.

The above tariffs shall be applicable for a period of 25 years for Eligible Developers who set up solar rooftop projects within the Operating Period of this policy.

The Obligated Entities as per the RPPO Regulations of APERC, are eligible for adjusting the power generated from rooftop projects towards their obligation to meet RPPO provided necessary metering is arranged for measuring the solar power as per the regulations of APERC.

The metering facility will be extended for all Eligible Developers who intend to setup solar photovoltaic plants at their premises. Eligible Developers who wish to avail the metering facility will have to apply through online mode to the Discoms – either on their websites and/or through designated mee seva / customer service centres. All approvals/clearances shall be disposed by the respective Discom within 14 days from the date of application The projects of capacity upto 1000 KWp at a single location will be permitted.

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The projects set up on the roofs of the buildings and also in the open areas within the premises of the consumer are categorized as solar rooftop projects, as per the guidelines of MNRE. In case of different rooftops belong to single owner in a city or town, the combined solar power generation will be adjusted against the combined consumption recorded in various energy meters.

Permission will be given to the group of persons/societies to set up Solar Power Projects and will be treated as collective generation for supply of power to the households of each society /group member. The DISCOMs will deduct the above energy from the consumed energy of individual service connections and balances (either excess or lower) can be billed on net metering basis. No Distribution losses and charges will be collected from the Group/Society/ individuals by the DISCOMs.

Eligible Developers are allowed to avail the relevant subsidies and incentives from MNRE under JNNSM scheme. The eligible subsidy for net metering systems may be processed through NREDCAP (Nodal agency) or Channel Partners of MNRE, GOI. The sanction and release of the subsidy will be as per the guidelines issued by MNRE from time to time.

The modalities for implementing the rooftop policy including metering, billing, settlement, payment(s) and technical aspects etc. shall be issued by APEPDCL within 30 days from the date of issue of this policy, which would be followed by all DISCOMS in the State.

E. Solar pumpsets

The State government in collaboration with the Central Govt/MNRE /MOP/Multilateral agencies will undertake measures to enable gradual replacement of conventional pumpsets to solar powered pumpsets through subsidy support. Nodal agency will facilitate with government agencies for availing subsidies, grants and/ or incentives on behalf of APDiscoms.

It is envisaged that 50,000 solar powered pumpsets will be operational in the State in the next five years without any additional financial burden on the farmers. The modalities of the scheme will be developed in consultation with all the stakeholders within 30 days from the date of issue of this policy.

The Government will encourage Grid Connected Solar Pump sets to benefit the farmer community by way of sale of surplus energy to the DISCOMs.

4. Incentives from the State Government

To enable solar power capacity addition in the State, following incentives shall be provided for Eligible Developers for those projects setting-up during the operative period mentioned in the para one (1).

a) Transmission and Distribution charges for wheeling of power

Transmission and Distribution charges shall be exempted only for connectivity to the nearest Central Transmission Utility (CTU) via State Transmission Utility (STU) network for inter- state wheeling of power subject to the consent of APERC.

b) Energy Banking

Banking of 100% of energy shall be permitted during all 12 months of the year, based on the feasibility and prior approval of APTRANSCO/APDISCOMs. Banking charges shall be adjusted in kind @ 5% of the energy delivered at the point of drawal. The banking year shall be from April to March.

Drawals from banked energy shall not be permitted during five (5) month period from 1st April to 30th June and 1st February to 31st March of each financial year. In addition, drawls of banked energy during the Time of the Day (ToD) applicable during the peak hours, as specified in the respective Retail Supply Tariff Order, shall also not be permitted throughout the year. However, the provisions on banking pertaining to drawal restrictions shall be reviewed based on the power supply position in the State.

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Energy injected into the grid from date of synchronization to Commercial Operation Date (COD) will be considered as deemed energy banking. The unutilized banked energy shall be considered as deemed purchase by Discoms at 50% of the Average Pooled Power Purchase Cost as determined by the APERC for the applicable year. Energy settlement shall be done on monthly basis.

The payment for the deemed purchase of un-utilized banked energy shall be capped to 10% of the total banked energy during the applicable year.

c) Open Access

Intra-state Open Access clearance for the whole tenure of the project or 25 years whichever is earlier will be granted as per the APERC Regulations amended from time to time. In absence of any response or intimation from the Nodal Agency to the generator within 21 days, then such application shall be considered to be deemed open access.

d) Renewable Energy Certificate (REC)

All projects developed with the above incentives will be eligible for REC benefits subject to applicable regulations/orders of the appropriate commission. Deemed injection into the grid for in-house/co-located solar generation will also be eligible for REC benefits subject to applicable guidelines.

e) Grid Connectivity and Evacuation facility

The power generated from a Solar Power Project shall be injected at an appropriate voltage at the sub-station and/or interconnection point of the APTransco / Discom(s). The Eligible Developer shall bear the entire cost of construction of power evacuation facilities from the project upto the interconnection point and/or upto APTransco / Discom(s) substation.

The Eligible Developer shall abide by the orders, rules, regulations and terms and conditions as approved by the Commission from time to time for operation of Solar Power Projects, power evacuation, transmission and wheeling of energy. Solar Power Projects will be exempted from paying the Supervision charges to APTransco/Discom(s) only in case of transmission of power from State Transmission Utility (STU) to Central transmission utility (CTU).

APTransco /Discom(s) will dispose the proposals for the technical feasibility for evacuation within 14 days from the date of receipt of application. Any upstream system strengthening requirement shall be borne by APTransco/Discom(s) on a priority basis.

f) Deemed Industry Status

Generation of electricity from Solar Power Projects shall be treated as eligible industry under the schemes administered by the Industries Department and incentives available to industrial units under such schemes shall be available to the solar power producers. The services of single desk portal can be made available for obtaining time bound statutory clearances.

g) Deemed Public Private Partnership (PPP) Status

Deemed PPP status shall be provided for projects coming up under category (A) as per para (3) of this policy.

h) Non Agriculture Status

Deemed Non-Agricultural (NA) status for the land where Solar Power Projects will be accorded, on payment of applicable statutory fees.

i) Must run status

Injection from Solar Power Projects shall be considered to be deemed scheduled.

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j) Land

It is the responsibility of the project developer to acquire the land required for the project. However, in case of land owned by Revenue Department, the land allotment shall be done as per the prevailing government policy.

To facilitate faster execution of projects, the District Collector shall hand over advance possession of land including path ways to NREDCAP and the land shall be allotted on alienation basis to NREDCAP by fixing reasonable market value. After getting advance possession of the land, NREDCAP will allow the developer to start the construction duly taking necessary undertakings. NREDCAP shall enter into lease agreement with the developer once the project is commissioned.

NREDCAP will pay the land cost as decided to the revenue authorities @ 10% of the market value for a period of 10 years.

NREDCAP will collect the lease rentals for 25 years period @10% of the value of land with 10% increase in every 5 years block period, from the project developer from the date of commissioning of project and shall utilize for the payment to the Revenue authorities towards land cost and promotion of renewable energy and other new green and clean technologies in AP State.

k) Pollution Clearance

Solar PV power projects will be exempted from obtaining any NOC/Consent for establishment under pollution control laws from AP Pollution Control Board.

5. Nodal Agency

New and Renewable Energy Development Corporation of A.P. Ltd (NREDCAP) shall act as a Nodal Agency under this policy and as decided by the government from time to time.

The Nodal Agency and/or designated offices by the Nodal Agency shall be responsible for the following activities:

a) Facilitate in obtaining revenue land – wherever is required.
b) Facilitate in getting power evacuation and/ or Open Access as per the regulation issued by APERC and amended from time to time.
c) Facilitate water allocation from concerned departments.
d) Facilitate and process of proposals for availing subsidy for solar rooftop systems as per MNRE guidelines.
e) Co-ordinate with MNRE/SECI/APTransco/Discom(s) and any other Central/State agencies in obtaining necessary clearances, approvals, grants and subsidies.

6. Administrative approval

The applications received from the Eligible Developers as per the provisions of this policy should be in the prescribed format along with a registration fee of Rs.1000 for capacities upto 5 KWp; Rs. 5,000 for capacities above 5 KWp to 100 KWp; Rs,10,000 for capacities above 100 KWp to 1000KWp and Rs.25,000 per MW for capacities more than 1000 KWp. In addition, a facilitation fees of Rs 25 per kW shall be applicable for the Eligible Developer who seeks assistance from the Nodal Agency for obtaining single window clearance support as per the above para.

The projects set up under solar parks developed by the Government are exempted from registration of the projects with the State Nodal Agency.

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7. Project Monitoring Committee

A "High Level Committee" constituted with the following members will monitor the progress of implementation of the Solar Power Projects cleared under the policy:

1. Principal Secretary, Energy Department
2. Chairman and Managing Director, APTransco
3. CMD of APDiscom(s)
4. VC & MD, NREDCAP(Member-Convener)
5. Representative of FAPCCI/CII
6. Representatives (2) of solar power developers

If any difficulty arises in giving effect to this policy, the High Level Committee is authorized to issue clarification as well as interpretation to such provisions, as may appear to be necessary for removing the difficultly either on its own motion or after hearing those parties who have represented.

8. Solar Manufacturing

The Government intends to promote solar manufacturing facility that can help develop the solar eco-system and support job creation potential in the State. The following incentives shall be applicable for new manufacturing facilities and equipment's, ancillaries related to Solar Power Projects only.

- Priority allotment of Government land in solar parks on long term lease basis
- Exemption from electricity duty for a period of ten (10) years
- Incentives as applicable as per the prevailing industrial promotion policies of the GoAP, subject to provision of the separate budget by the Energy Department for the same. The services of single desk portal can be made available for obtaining time bound statutory clearances.
- Preference for Off take of power, PE connectivity and to extend energy banking facility for the projects developed by the manufacturers.

9. Mid-Term Review

State Govèrnment may undertake a mid-term review of this policy after a period of two years or as and when need arises in view of any technological breakthrough or to remove any inconsistency with Electricity Act 2003, rules and regulations made there under or any Govt. of India policy.

10. Power to remove difficulties

If any difficulty arises in giving effect to this policy, energy department is authorized to issue clarification as well as interpretation to such provisions, as may appear to be necessary for removing the difficulty either on its own motion or after hearing those parties who have represented for change in any provision.

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)

AJAY JAIN
PRINCIPAL SECRETARY TO GOVERNMENT

To
The Vice Chairman & Managing Director, NREDCAP, Tadepalli, Guntur.
The Chairman, APPCC, Vijayawada.
The Chairman & Managing Director, APTRANSCO, Vijayawada.
The Managing Director, APGENCO, Vijayawada.
The Secretary, APERC, Hyderabad
The CMDs, of APSPDCL, Tirupathi / APEPDCL, Visakhapatnam.
All Collectors & District Magistrates in the state.
The Principal Secretary to Government, Revenue Department.
The Principal Secretary to Government, Industries Department
The Principal Secretary to Government, EFS&T Department.

(P.T.O.)

Copy to :-
The Prl., Secretary to Hon'ble C.M.
The Principal Secretary to Govt., Finance (FMU-Energy,I&I) Department.
The Secretary, LAW Dept.,
The OSD to C.S.
The OSD to Minister (Energy)
The P.S. to Prl., Secretary, Energy, I&I Department.
The Adviser for Power Sector.
The GA(Cabinet) Dept.,
Sf/Sc (C.No.2584/Power.II(2)/2014- Computer No.212428)

// FORWARDED : : BY ORDER //

SECTION OFFICER